



March 27, 2012

REVISED

Mr. Chris Jicha, AICP
Kosmont Companies, Consultants to the DLA
865 S. Figueroa St., 35th FL.
Los Angeles, CA 90017

Dear Mr. Jicha:

Subject: Low and Moderate Income Housing Fund Due Diligence Review

This letter supersedes Finance's November 8, 2012 letter regarding the Low and Moderate Income Housing Fund (LMIHF) Due Diligence Review (DDR) determination letter. A revised letter is necessary to add clarity and make an adjustment to the LMIHF balances available for distribution to the taxing entities. Pursuant to Health and Safety Code (HSC) section 34179.6, the DLA to the Riverbank Successor Agency (Agency) submitted an oversight board approved LMIHF DDR to the California Department of Finance (Finance) on October 22, 2012. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

Based on our review, Finance made no adjustments to the Low and Moderate Income Housing Fund (LMIHF) balance available for allocation to the affected taxing entities. As a result, the Agency's LMIHF balance available for distribution to the affected taxing entities is stated at \$2,991. However, based on the Agency's financial condition, Finance determined this amount should be retained to pay for obligations that are unable to be funded through the ROPS process.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter and Finance's Housing Assets Transfer letter dated August 22, 2012 do not in any way eliminate the Controller's authority.

Please direct inquiries to Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Wendell Naraghi, Chair, Designated Local Authority
Ms. Marisela Hernandez, Director of Finance, City of Riverbank
Ms. Lauren Klein, CPA, Auditor-Controller, Stanislaus County
California State Controller's Office